

**FORTIETH JUDICIAL DISTRICT
COURT
ST. JOHN THE BAPTIST PARISH
EDGARD, LOUISIANA
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2008**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9/9/09



STAGNI & COMPANY, LLC

**FORTIETH JUDICIAL DISTRICT COURT
ANNUAL FINANCIAL REPORT**

December 31, 2008

TABLE OF CONTENTS

	PAGE
MANAGEMENT'S DISCUSSION AND ANALYSIS	1
FINANCIAL SECTION	
<i>Independent Auditor's Report</i>	6
<i>Basic Financial Statements:</i>	
Government-Wide Financial Statements:	
Statement of Net Assets	8
Statement of Activities	9
Fund Financial Statements:	
Balance Sheet – Governmental Funds	10
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	11
<i>Notes to Financial Statements</i>	12
REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS	
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	18
Schedule of Current Year Findings and Questioned Costs	20
OTHER SUPPLEMENTAL INFORMATION	
Summary Schedule of Prior Audit Findings	22
Corrective Action Plan	23

FORTIETH JUDICIAL DISTRICT COURT
St. John the Baptist Parish
Edgard, Louisiana

As of and for the Year Ended December 31, 2008

JUDGES

Division A

Honorable Madeline Jasmine

Division B

Honorable Mary Hotard Becnel

Division C

Honorable J. Sterling Snowdy

FORTIETH JUDICIAL DISTRICT COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2008

This discussion and analysis of the Fortieth Judicial District Court's financial performance provides an overview of the financial activities as of and for the fiscal year ended December 31, 2008. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (Government-Wide Financial Statements) provide information about the governmental activities as a whole and present a longer-term view of the finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds (Fund Financial Statements) tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the operations in more detail than the government-wide statements by providing information about the most significant funds.

Our auditor has provided assurance in his independent auditor's report that the basic financial statements are fairly stated. The auditor, regarding the Other Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Report.

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities report information as a whole and about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the net assets and changes in them. You can think of net assets—the difference between assets and liabilities—as one way to measure the financial health, or financial position. Over time, increases or decreases in net assets are one indicator of whether its financial health is improving or deteriorating.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not as a whole. Some funds are required to be established by State laws. The Fortieth Judicial District Court uses only the governmental type of fund with the following accounting approach. Most of the basic services are reported in governmental funds, which

FORTIETH JUDICIAL DISTRICT COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2008

focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

- As a result of this year's operations assets exceeded liabilities by \$345,323 (net assets).
- Total net assets are comprised of the following:
 - (1) Investment in capital assets of \$22,705 including the cost of office equipment and furniture, net of accumulated depreciation.
 - (2) Unrestricted net assets of \$322,618 representing the portion available to maintain the continuing obligations to citizens and creditors.
- The governmental funds reported total ending fund balance of \$322,618, of which all was considered unreserved. This compares to the prior year ending fund balance – of \$338,735, showing a decrease of \$16,117 during the current year.
- Total spending for all judicial activities was \$449,896 for the year, which was \$13,558 more than the program revenues (\$434,521) for these activities.

FINANCIAL ANALYSIS AS A WHOLE (GWFS)

The Statement of Net Assets and the Statement of Activities reports governmental activities. All judicial services are reported as this type. Operating grants and contributions and criminal and civil fees charged finance most of these activities.

Our analysis below focuses on the net assets of the governmental-type activities:

FORTIETH JUDICIAL DISTRICT COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2008

Condensed Statement of Net Assets

	2008	2007	Dollar Change	Total Percent Change
Current and Other Assets	\$ 334,154	\$ 349,351	\$ (15,197)	-4.4%
Capital Assets	22,705	20,147	2,558	12.7%
Total Assets	356,859	369,498	(12,639)	-3.4%
Current Liabilities	11,536	10,617	919	8.7%
Total Liabilities	11,536	10,617	919	8.7%
Invested in Capital Assets	22,705	20,147	2,558	12.7%
Unrestricted	322,618	338,734	(16,116)	-4.8%
Total Net Assets	\$ 345,323	\$ 358,881	\$ (13,558)	-3.8%

Net assets decreased by \$13,558 as a result of this year's operations, which indicates that the overall financial position decreased slightly during the year. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—absorbed most of the decrease this year. The balance in net assets represents the accumulated results of all past years' operations.

Condensed Statement of Activities

	2008	2007	Dollar Change	Total Percent Change
Charges for Services	\$107,325	\$ 92,119	15,206	16.5%
Operating Grants and Contributions	327,196	338,016	(10,820)	-3.2%
Program Expenses:				
Current	442,866	420,674	22,192	5.3%
Depreciation	7,030	5,742	1,288	22.4%
Total program expenses	449,896	426,416	23,480	5.5%
Net program income	(15,375)	3,719	19,094	-513.4%
General revenues	1,817	20,117	(18,300)	-91.0%
Change in Net Assets	(13,558)	23,836	(37,394)	-604.4%
Net Assets:				
Beginning of the year	358,881	335,045	23,836	7.1%
End of the year	<u>\$345,323</u>	<u>\$358,881</u>	<u>\$(13,558)</u>	<u>-3.8%</u>

FORTIETH JUDICIAL DISTRICT COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2008

Total revenues for the year in governmental activities were \$436,338 (\$434,521 in program revenues and \$1,817 in general revenues). The total cost of all judicial programs and services was \$449,896 with no new programs added this year.

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)

The Fortieth Judicial District Court uses funds to help it control and manage money for particular purposes. Looking at individual funds helps you consider whether the Court is being accountable for the resources provided to it but may also give you more insight into the overall financial health.

The governmental funds reported an ending combined fund balance of \$322,618. This reflects a decrease of \$16,117 from last year. This increase is primarily the result of the events and programs described within the analysis of the governmental activities. Following is some of the changes in major funds:

Most of the General Fund's revenue (\$101,341 or 85%) was from fees generated from criminal and civil cases. Other significant revenue of \$17,248 or 15% was from Supreme Court reimbursements. The major expenditures in the general fund were for library expenses (\$24,715), office supplies (\$24,470) and salary reimbursements of \$15,938. General Fund's fund balance of \$262,857 available at the beginning of the year slightly decreased by \$2,068 to end the year with unreserved fund balance of \$260,789.

The other major fund was the Adult Drug Court Fund. Just about all of the revenue (\$263,782) was from the State of Louisiana in the form of a grant. The major expenditures of \$180,504 for administrative services, \$17,106 for building rent, \$15,395 for payroll taxes and \$28,191 for drug testing and treatment services were all in connection with the drug court program. The beginning fund balance of \$66,661 at the beginning of the year decreased by \$12,624 to end the year with fund balance of \$54,037.

CAPITAL ASSETS

The investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2008 and 2007 was \$22,705 and \$20,147 respectively.

	2008	2007
Division A	\$ 68,416	\$ 68,416
Division B	51,083	47,534

FORTIETH JUDICIAL DISTRICT COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2008

Division C	50,804	44,764
Adult Drug Court	22,491	22,491
Fins	3,438	3,438
Juvenile Probation - Div B	4,363	4,363
Total Cost	200,595	191,006
Accumulated Depreciation	177,890	170,859
Net Capital Assets	<u>\$ 22,705</u>	<u>\$ 20,147</u>
Depreciation Expense	<u>\$ 7,030</u>	<u>\$ 5,742</u>

This year there was \$9,588 of additions, reflecting the net increase in capital assets. More detailed information about the capital assets is presented in Note 4 to the financial statements.

BUDGETS

The Court has not prepared a budget for its general and Special Revenue Funds as required by the Local Government Budget Act (LSA-RS 39:1301-15) as required. The violation has resulted in a finding in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Basic Financial Statements Performed in Accordance with Government Auditing Standards.

CONTACTING FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Fortieth Judicial District Court's finances and to show accountability for the money it received. If you have questions about this report or need additional financial information, contact:

Honorable Judge Mary Hotard Becnel, Chief Judge,
P.O. Box 308,
Edgard, LA 70049
Phone number 985-497-5580.

FINANCIAL SECTION



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Judges of the Fortieth Judicial District Court
St. John the Baptist Parish
Edgard, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of the Fortieth Judicial District Court, a component unit of St. John the Baptist Parish as of and for the year ended December 31, 2008 which collectively comprise the basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Fortieth Judicial District Court. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Fortieth Judicial District Court as of December 31, 2008, and the respective changes in financial position for the year then ended, in conformity with auditing standards generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 25, 2009, on our consideration of the Fortieth Judicial District Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

To the Judges of the Fortieth Judicial District Court
St. John the Baptist Parish
Edgard, Louisiana

Management's Discussion and Analysis, as listed in the foregoing table of contents, is not a required part of the basic financial statements, but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fortieth Judicial District Court's basic financial statements. The other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Fortieth Judicial District Court. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Stagni & Company

Thibodaux, Louisiana
August 25, 2009



FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
Statement of Net Assets - Governmental Activities
December 31, 2008

ASSETS

Cash and cash equivalents	\$ 310,776
Receivables	23,378
Capital Assets, net of depreciation	<u>22,705</u>
TOTAL ASSETS	<u>356,859</u>

LIABILITIES

Due to other governments	<u>11,536</u>
--------------------------	---------------

NET ASSETS

Invested in capital assets	22,705
Unrestricted	<u>322,618</u>
TOTAL NET ASSETS	<u><u>\$ 345,323</u></u>

See Notes to Financial Statements.

FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH

Statement of Activities - Governmental Activities
For the Year Ended December 31, 2008

FUNCTIONS/PROGRAMS	Program Revenue		Net (Expense) Revenue
	Expenses	Charges for services Operating Grants	
Judicial activities:	\$449,896	\$ 107,325	\$ (15,375)
Total governmental activities	<u>449,896</u>	<u>107,325</u>	<u>(15,375)</u>
GENERAL REVENUES			
Interest earned			<u>1,817</u>
TOTAL GENERAL REVENUES			<u>1,817</u>
CHANGE IN NET ASSETS			(13,558)
NET ASSETS:			
Beginning of year			<u>358,881</u>
End of year			<u><u>\$ 345,323</u></u>

See notes to financial statements.

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH**

Balance Sheet - Governmental Funds
December 31, 2008

	General Fund	Adult Drug Court	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 257,965	\$ 40,776	\$ 12,035	\$ 310,776
Receivables	8,544	14,834	-	23,378
TOTAL ASSETS	\$ 266,509	\$ 55,610	\$ 12,035	\$334,154
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable & accrued liabilities	\$ 5,720	\$ 1,573	\$ 4,243	\$ 11,536
Total liabilities	5,720	1,573	4,243	11,536
Fund Balances:				
Unreserved - undesignated	260,789	54,037	7,792	322,618
Total fund balances	260,789	54,037	7,792	322,618
TOTAL LIABILITIES AND FUND BALANCES	\$ 266,509	\$ 55,610	\$ 12,035	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds - net book value:

Net assets of governmental activities	<u>22,705</u>
	<u>\$ 345,323</u>

See notes to financial statements.

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH**

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended December 31, 2008

	General Fund	Adult Drug Court	Nonmajor Funds	Total Governmental Funds
REVENUES				
Criminal Fees	\$ 75,016	\$ 645	\$ 5,339	\$ 81,000
Civil Fees	26,325	-	-	26,325
Supreme Court Reimbursements	17,248	-	-	17,248
Interest & Miscellaneous	1,793	-	24	1,817
Grants	-	263,782	46,166	309,948
Total Revenues	<u>120,382</u>	<u>264,427</u>	<u>51,529</u>	<u>436,338</u>
EXPENDITURES - JUDICIAL:				
Current:				
Advertising & Public Relations	3,514	600	104	4,218
Conferences & Dues	5,587	-	1,115	6,702
Equipment Lease	4,346	-	-	4,346
Jury & Court Lunches	2,132	-	-	2,132
Insurance	-	9,289	8,487	17,776
Misc & Bank Charges	191	1,017	777	1,985
Library	24,715	-	-	24,715
Office Supplies & Operations	24,470	6,098	1,617	32,185
Professional Fees	7,993	3,995	2,080	14,068
Rent Building	-	17,106	-	17,106
Repairs & Maintenance	3,119	4,202	-	7,321
Administrative Service	-	180,504	-	180,504
Testing & Laboratory	-	13,876	613	14,589
Licenses & Permits	-	1,800	-	1,800
Payroll Taxes	-	15,395	-	15,395
Salary Reimbursement	15,938	-	33,861	49,799
Supplemental Pay	7,279	-	-	7,279
Telephone	6,091	5,844	1,075	13,010
Treatment Services	-	14,215	-	14,215
Travel & Training	7,487	3,010	3,225	13,722
Total current expenditures	<u>112,862</u>	<u>277,051</u>	<u>52,954</u>	<u>442,867</u>
Capital outlay	<u>9,588</u>	<u>-</u>	<u>-</u>	<u>9,588</u>
Total Expenditures	<u>122,450</u>	<u>277,051</u>	<u>52,954</u>	<u>452,455</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,068)	(12,624)	(1,425)	(16,117)
FUND BALANCES				
Beginning of year	<u>262,857</u>	<u>66,661</u>	<u>9,217</u>	<u>338,735</u>
End of year	<u>\$260,789</u>	<u>\$54,037</u>	<u>\$7,792</u>	<u>\$322,618</u>
RECONCILIATION:				
Net change in fund balances—total governmental funds from above				\$ (16,117)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.				
	Capital outlays		9,588	
	Depreciation		(7,029)	
				<u>2,559</u>
Change in net assets - governmental activities				<u>\$ (13,558)</u>

See notes to financial statements.

FORTIETH JUDICIAL DISTRICT COURT
Notes to Financial Statements
For the Year Ended December 31, 2008

Introduction

The Fortieth Judicial District Court was created by Act No. 52 of the 1984 regular Louisiana Legislative Session as a level of the judicial branch of government and is charged with trying all cases that involve the government and with the administration of justice within its jurisdiction, which encompasses all of St. John the Baptist Parish. The Fortieth Judicial District is comprised of three (3) independently elected judges with 6 year-terms.

Note 1 Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying basic financial statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

Fortieth Judicial District Court judges are independently elected officials. However, the Fortieth Judicial District Court is fiscally dependent on the St. John the Baptist Parish Government for office space, courtrooms, and related utility costs, as well as partial funding of salary costs.

The accompanying financial statements present information only on the funds maintained by the Fortieth Judicial District Court and do not present information on the St. John the Baptist Parish Government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. Fund Accounting

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds in the financial statements in this report are grouped into two broad categories as follows:

Governmental Fund Types

Governmental funds account for all or most of the general activities. These funds focus on the sources, uses, and balances of current financial resources.

FORTIETH JUDICIAL DISTRICT COURT
Notes to Financial Statements
For the Year Ended December 31, 2008

Note 1 **Summary of Significant Accounting Policies (Continued)**

C. Fund Accounting (Continued)

Governmental Fund Types (continued)

Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations. The following are the Fortieth Judicial District Court's major governmental funds:

The General Fund – The Judicial Expense Fund was created by the State of Louisiana Act No. 52, House Bill No. 39 of the 1984 regular Legislative session. It authorized collection from every person filing any type of civil suit or proceeding and who is not otherwise exempted by law from the payment of court costs, a sum not to exceed fifteen dollars. In all criminal cases, there shall be collected an amount not to exceed seven dollars and fifty cents from every defendant who is convicted after a trial or other plea of guilty or who forfeits his bond. These costs are to be in addition to all other fines, costs or forfeitures imposed by law. Act 834, Section 571.11 of the 1993 Regular Legislative Session, authorizes all judgments of bond forfeitures resulting from the posting of surety bond in criminal proceeding in the State of Louisiana shall be collected by the district attorney. The district attorney shall distribute ten percent of all funds collected to the court fund of the parish where the bond was posted. In general, the funds may be used for any purpose or purposes connected with the incidental or related to proper administration or function of the offices of the individual judges.

Adult Drug Court – This fund receives revenue from a grant from the Louisiana Law Enforcement Commission and is administered by Division A.

D. Measurement Focus / Basis of Accounting

Fund Financial Statements (FFS)

The amounts reflected in fund financial statements, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and

FORTIETH JUDICIAL DISTRICT COURT

Notes to Financial Statements

For the Year Ended December 31, 2008

Note 1 Summary of Significant Accounting Policies (Continued)

D. Measurement Focus / Basis of Accounting (continued)

Fund Financial Statements (FFS) (continued)

other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of operations.

The amounts reflected in the fund financial statements, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The court considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues – Court fines and fees, and interest are recorded when earned and measurable.

Expenditures – The major expenditures are recorded when earned and payable or when incurred.

Government-Wide Financial Statements (GWFS)

The government-wide financial statements display information as a whole. These statements include all the financial activities. ~~Information contained in these statements~~ reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

Program Revenues - Program revenues included in the column labeled Statement of Activities are derived directly from users as a fee for services;

FORTIETH JUDICIAL DISTRICT COURT
Notes to Financial Statements
For the Year Ended December 31, 2008

Note 1 Summary of Significant Accounting Policies (Continued)

D. Measurement Focus / Basis of Accounting (Continued)

Government-Wide Financial Statements (GWFS) (Continued)

program revenues reduce the cost of the function to be financed from the general revenues.

E. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

F. Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

G. Capital Assets

Capital assets are capitalized at historical cost or estimated if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Capital assets are recorded in the GWFS. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture and equipment	5-7 years

FORTIETH JUDICIAL DISTRICT COURT
Notes to Financial Statements
For the Year Ended December 31, 2008

Note 1 **Summary of Significant Accounting Policies (Continued)**

H. Restricted Net Assets

For government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

1. externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
2. imposed by law through constitutional provisions or enabling legislation.

I. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

J. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 **Deposits**

Demand (deposits, interest bearing demand deposits and certificates of deposit) are recorded at cost, which approximates fair value. At December 31, 2008, the carrying amount of deposits was \$310,776 and the bank balance was \$317,702. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

Custodial credit risk is the risk that in an event of a bank failure, deposits may not be returned. Of the total bank balance, none is exposed to custodial credit risk. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposits insurance or the pledge of securities owned by the fiscal agent bank.

FORTIETH JUDICIAL DISTRICT COURT
Notes to Financial Statements
For the Year Ended December 31, 2008

Note 2 Deposits (Continued)

The market values of the pledged securities plus the federal deposit insurance (FDIC) must at all time equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Pledged securities adequately secure these deposits from risk. The collateral must be held at the pledging bank's trust department or other bank, acting as the pledging bank's agent, in the District Court's name.

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the entity that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 Capital Assets

Capital assets and depreciation activity for the year is as follows:

Furniture & Equipment	Beginning Balance	Additions	Deletions	Ending Balance
Division A	\$68,416			\$ 68,416
Division B	47,534	\$3,549		51,083
Division C	44,764	6,040		50,804
Adult Drug Court	22,490			22,490
Fins	3,438			3,438
Juvenile Probation – Div B	4,363			4,363
Total Cost	\$191,005	\$ 9,589		\$ 200,594
Less accumulated depreciation	\$170,859	\$7,030		\$177,889
Furniture & Equipment, net	\$20,147			\$ 22,705

Depreciation expense for the year recorded for governmental activities was \$7,030.

Note 4 Risk Management

The District Court is exposed to various risks of loss related to tort; theft of, damage to, or destruction of assets; errors and omissions; and injuries to the public; and natural disasters. To protect against these risks, the District Court has purchased commercial or other insurance for the losses to which it is exposed.

***REPORTS REQUIRED BY
GOVERNMENT AUDITING
STANDARDS***



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Judges of the Fortieth Judicial District
Terrebonne Parish, Louisiana

We have audited the basic financial statements of the governmental activities and each major fund of the Fortieth Judicial District Court, a component unit of the St. John the Baptist Parish Government for the year ended December 31, 2008 and have issued our report thereon dated August 25, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the internal control over financial reporting as a basis for designing our audit procedures but not for the purpose of expressing an opinion on the effectiveness of the District Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected by the internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance

As part of obtaining reasonable assurance about whether the Fortieth Judicial District Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as item 2003-1 and 2008-1.

This report is intended for the information of management. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Stagni & Company

Thibodaux, Louisiana
August 25, 2009



FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
Edgard, Louisiana
SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2008

We have audited the basic financial statements of the governmental activities and each major fund of the Fortieth Judicial District Court, a component unit of St. John the Baptist Parish, as of and for the year ended December 31, 2008, and have issued our report thereon dated August 25, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Our audit of the financial statements resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses **No**

Significant Deficiencies **No**

Compliance

Compliance Material to Financial Statements **Yes**

b. Federal Awards **Not applicable**

Internal Control

Material Weaknesses ☐ Yes ☐ No Reportable Conditions ☐ Yes ☐ No

Type of Opinion On Compliance Unqualified ☐ Qualified ☐

For Major Programs Disclaimer ☐ Adverse ☐

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?

c. Identification of Major Programs: **Not applicable**

<u>CFDA Number (s)</u>	<u>Name of Federal Program (or Cluster)</u>
------------------------	---

Dollar threshold used to distinguish between Type A and Type B Programs: \$____
Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133



FORTIETH JUDICIAL DISTRICT COURT
SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2008
Page 2 of 2

Section II Financial Statement Findings

2003-1

LOUISIANA LOCAL GOVERNMENT BUDGET LAW

Criteria or specific requirement: The Louisiana Local Government Budget Law, Title 39:1301 requires that "All political subdivisions with a general or special revenue fund must prepare budgets on these funds." Furthermore Title 39:1302(k) defines political subdivision as "judges, but only insofar as their judicial expense funds, as provided for in Title 13 of the Louisiana Revised Statutes of 1950."

Condition found: There was no budget prepared.

Effect: The Louisiana Local Government Budget Law was violated.

Cause: The Fortieth Judicial District stated in prior years that it was not required to prepare a budget.

Questioned costs: None

Recommendations: The Fortieth Judicial District Court complies with the Louisiana Local Government Budget Law in preparing and adopting a budget for the general fund – the judicial expense funds for the year ending December 31, 2008.

2008-1 LOUISIANA GOVERNMENTAL AUDIT GUIDE

Criteria or specific requirement: The Louisiana Governmental Audit Guide, Title 24:513 requires that "All political subdivisions of the state submit complied financial statements within six months after fiscal year end."

Condition found: The audit report was not filed by the deadline.

Effect: The Louisiana Governmental Audit Law was violated.

Cause: The information needed to start the audit was not available in a timely manner to have the audit completed by the deadline.

Questioned costs: None

Recommendations: The Fortieth Judicial District Court complies with the Louisiana Governmental Audit Guide by providing all documents necessary for the accountant to handle the accounting services on a timely manner so that the audit can be completed on time.



OTHER SUPPLEMENTAL INFORMATION

PRIOR AUDIT FINDINGS

The follow-up and corrective action taken on all prior audit findings is presented in the summary schedule of prior audit findings.

CORRECTIVE ACTION PLAN

The corrective action plan for current year audit findings is presented in this schedule.

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
EDGARD, LOUISIANA**

Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2008

REFERENCE #	DESCRIPTION OF FINDING:	CORRECTIVE ACTION
SECTION I -	INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
2003-1	There was no budget prepared for December 31, 2007.	Unresolved
SECTION II -	INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS NOT APPLICABLE	
SECTION III -	MANAGEMENT LETTER NONE ISSUED	

NOTES TO SCHEDULE:

This summary schedule includes all prior audit findings and management letter findings.

In the reference number, the first 4 digits are the year that the audit finding related to.

FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
EDGARD, LOUISIANA
 Corrective Action Plan
 For the Year Ended December 31, 2008

REFERENCE #	DESCRIPTION OF FINDING:	CORRECTIVE ACTION:	CONTACT:
SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS			
2003-1	LOUISIANA LOCAL GOVERNMENT BUDGET LAW	We will prepare and adopt a budget for the general fund - the judicial expense funds for the year ending December 31, 2009.	Judge Mary Hotard Becnel
2008-1	LOUISIANA GOVERNMENTAL AUDIT GUIDE	We will get the audit in on	Judge Mary Hotard Becnel
SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS			
	NOT APPLICABLE		
SECTION III - MANAGEMENT LETTER			
	NOT APPLICABLE		

NOTES TO SCHEDULE:

This schedule includes all current audit findings and management letter comments.

In the reference number, the first 4 digits are the year that the audit finding related to.